

LFC Requester:	Cristina Keyes
-----------------------	-----------------------

**AGENCY BILL ANALYSIS
2016 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original X **Amendment**
Correction **Substitute**

Date January 24, 2016

Bill No: SB166

Sponsor: Sen. Sue Wilson Beffort

Agency Code: 305

Short Clawback Repayment Tax

Person Writing Caroline Manierre

Title: Credit

Phone: 505-827-6079 **Email** cmanierre@nmag.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY16	FY17	FY18		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: SB 167
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE**BILL SUMMARY**

This analysis is neither a formal Attorney General's Opinion nor an Attorney General's Advisory Letter. This is a staff analysis in response to an agency's, committee's, or legislator's request.

Synopsis:

Senate Bill 166 adds a new section to the Income Tax Act. The Bill creates a tax credit for a taxpayer who, in a taxable year has made a clawback repayment and who has taken a credit pursuant to Section 1341 of the Internal Revenue Code. Senate Bill 166 lays out the manner in which the credit shall be calculated, and creates additional requirements for claiming the "clawback repayment income tax credit."

FISCAL IMPLICATIONS: None

SIGNIFICANT ISSUES: None

PERFORMANCE IMPLICATIONS: None

ADMINISTRATIVE IMPLICATIONS: None

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP:

- Senate Bills 166 and 167 are essentially identical, with a few modifications in what constitutes a "clawback repayment" under this section and the fact that Senate Bill 166 refers specifically to clawback repayments related to Ponzi schemes.

TECHNICAL ISSUES:

- Although it is clarified further on in the Bill, it might be helpful to clarify the language in the first sentence regarding "a taxable year" and explaining whether this applies to any taxable year, or the specific year during which the taxpayer is making the clawback repayment.
- It is not entirely necessary, but might be helpful to have a more specific cite to the Internal Revenue Code rather than just "Section 1341."
- It might be helpful to include more specific language regarding who is repaying whom with the various references to repaying throughout the Bill.

OTHER SUBSTANTIVE ISSUES: None

ALTERNATIVES: None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL: Status Quo

AMENDMENTS: None